



4004

ANNUAL REPORT

OF

Name: HAGER TELECOM, INC.

Principal Office: W8108 165TH AVE
P.O. BOX 125
HAGER CITY, WI 54014-0125

For the Year Ended: DECEMBER 31, 2002

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. The annual report due date is April 1 of the following year. (Example: The 2001 report is due April 1, 2002.) If that date falls on a weekend or holiday, the annual report is due the following business day.
2. **Electronic filing via e-mail is required.** Go to the Public Service Commission of Wisconsin's web page at <http://psc.wi.gov>, click on Telecommunications and click on Annual Report for Incumbent Local Exchange Carriers (LECs).
3. LEC entities with no revenues for the report year are required to file a LEC annual report.
4. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records of the utility in conformity with the Uniform System of Accounts prescribed by the Public Service Commission in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
5. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used. However, please show the exact name of the respondent in full on the Identification and Ownership page.
6. Wherever information is requested in a "note," please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
7. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. The program will convert the minus sign to parentheses if a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
8. Please report all dollar amounts to the nearest whole dollar.
9. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
10. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, the previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
11. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
12. The LEC annual report program incorporates provisional confidentiality capability for selected items, based on the Commission's confidentiality determination dated February 5, 2002.
13. It is not necessary to sign the signature page.
14. **Edit Check, Confidential Listing, Exported Annual Report, and Export Status Files;
Filing the Completed Report:**

GENERAL RULES FOR REPORTING

Program edit checks, which are located under the Admin dropdown menu, should be run at the completion of data entry. Each edit problem lists pertinent schedule(s) as well as the nature of the problem (such as "does not equal"). Edit items should be reviewed and corrected; unresolved problems should be footnoted in the report, if necessary. This screen automatically saves the edit checks to an .edt file that may be viewed and edited (for purposes of adding necessary notations) using a word processing package such as WordPad.

The confidential listing, which is located under the Admin dropdown menu, should also be run at the completion of data entry. This will create a .clf file.

Select the annual report to export from the Main-Report Selection window. Click Admin, Export Data to PSC to start the export process. This will create an .mdb file, which will subsequently be encrypted to a file with an .sen extension. An export status file is also created (with a .txt extension). The export status report file may also be viewed in a word processing package such as WordPad. If you encounter any export errors, please contact the Commission for assistance.

The .edt, .clf, .sen, and .txt files will be zipped to a file with a .zip extension. An e-mail message will be created, addressed to pscrcs@psc.state.wi.us. The .zip file is automatically attached to the e-mail message. After the e-mail is created, it will automatically be sent to the Commission.

Once received and processed by the Commission, you will receive a response indicating that your annual report has been received and is being processed. You will be notified if there are any problems with the annual report filing.

15. Name Changes:

If a name change is identified in the report, documents from the State of Wisconsin Department of Financial Institutions (DFI) also must be submitted to the Commission:

A domestic corporation should send a copy of the stamped page from its Articles of Amendment as filed with DFI. A foreign corporation should send a copy of their Amended Certificate of Authority as issued by DFI.

These documents can be obtained by:

1. Calling DFI at (608) 261-7577;
2. Contacting DFI on the web at www.wdfi.org; or
3. By writing to DFI at P.O. Box 7846, Madison, WI 53707-7846.

While the electronic annual report filing may detail the name change (i.e., date of the change and the affected entities with their respective four-digit Commission utility identification numbers), a name change is not effective in the Commission's records until a separate notification letter is sent to the Commission including documentation to confirm registration of that change with the State of Wisconsin Department of Financial Institutions.

16. Changes to the Annual Report Subsequent to Filing:

If making revisions to the report subsequent to filing with the Commission, resubmit the report via e-mail following the procedures set forth above in item number 14. New edit check, confidential listing, exported annual report, and export status files should be created as a result of the revisions.

SIGNATURE PAGE

I PAUL N. HANSON of
(Person responsible for accounts)

HAGER TELECOM, INC. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

PAUL N. HANSON 03/26/2003
(Person responsible for accounts) (Date)

SECRETARY
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: HAGER TELECOM, INC.
Utility Location: W8108 165TH AVE
P.O. BOX 125
HAGER CITY, WI 54014-0125

Utility Web Site Address: hagertelecom.net

When was utility organized?: 05/12/1913

Report any change in name and the effective date:

Telephone numbers for potential customers to contact company:

Business Customers: (715) 792 - 2103 Ext:

Residential Customers: (715) 792 - 2103 Ext:

Officer in charge of correspondence concerning this report

Name: MR MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY, WI 54014

Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: mjw@hager.net

Individual or firm, if other than utility employee, preparing this report

Name: MRS LINDA J. KRAMER
Title: ACCOUNTING
Firm: HECTOR COMMUNICATIONS CORPORATION
Office Address: 211 MAIN STREET SOUTH
P.O. BOX 428
HECTOR, MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 3231
Email Address: lkramer@hcctel.net

Person responsible for financial information contained in report

Name: MR PAUL N. HANSON
Title: SECRETARY

Office Address: 211 MAIN STREET SOUTH
P.O. BOX 428
HECTOR, MN 55342

Fax Number: (320) 848 - 2323
Telephone Number: (320) 848 - 6611
Email Address: PaulH@commsysinc.com

IDENTIFICATION AND OWNERSHIP

Person responsible for statistical information contained in report

Name: MR MICHAEL J. WALSH
Title: GENERAL MANAGER

Office Address: W8108 165TH AVENUE
HAGER CITY, WI 54014

Fax Number: (715) 792 - 5385
Telephone Number: (715) 792 - 2103
Email Address: mjlw@hager.net

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: ALLIANCE TELECOMMUNICATIONS
Address: 211 S. MAIN STREET
PO BOX 428
HECTOR, MN 55342

Number of Shares Held: 9,000
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: NONE
Form of Interest: NONE
Extent Of Interest: NONE

OFFICERS AND DIRECTORS

Name, Title/Occupation and Business Address

Name: STEVEN H. SJOGREN

Title/Occupation: PRESIDENT

Business Address (1): 211 MAIN STREET SOUTH

Business Address (2): PO BOX 428

Business Address (3):

City State, Zip: HECTOR, MN 55342

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INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,655,314	1,657,812	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	331,825	334,372	2
Plant Nonspecific Operations Expense	487,200	475,870	3
Customer Operations Expense (6610-6620)	128,682	169,640	4
Corporate Operations Expense (6710-6790)	416,305	465,092	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	74,270	48,833	7
Total Operating Expenses	1,438,282	1,493,807	8
Net Operating Income	217,032	164,005	9
Other Income			
Nonoperating Income and Expense (7300)	246,715	249,639	10
Nonoperating Taxes (7400)	99,475	64,791	11
Interest and Related Items (7500)	180,696	177,380	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	7,426	(609)	14
Total Nonoperating Income	(26,030)	6,859	15
Net Income	191,002	170,864	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

 2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

 3. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	1,560,287	1,018,486	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	1,560,287	1,018,486	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	9,306	7,934	6
Accounts Receivable Allowance-Telecom (1181)*	903	0	7
Net: Telecommunications Accounts Receivable	8,403	7,934	
Other Accounts Receivable (1190)*	303,523	491,835	8
Accounts Receivable Allowance--Other (1191)*	12,947	0	9
Net: Other Accounts Receivable	290,576	491,835	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*			12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	298,979	499,769	
SUPPLIES			
Inventories (1220)*	7,438	4,600	13
TOTAL SUPPLIES	7,438	4,600	
PREPAYMENTS			
Total Prepayments (1280)*	31,166	100,320	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	31,166	100,320	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	0	0	20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	1,897,870	1,623,175	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	0	0	21
RTB Class B Stock (1402)*	45,300	42,100	22
Other Investments in Nonaffiliated Companies (1402)*	578,940	417,275	23
Nonregulated Investments (1406)*	14,858	3,401	24
Unamortized Debt Issuance Expense (1407)*	0	0	25
Sinking Funds (1408)*	0	0	26

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	0	0	27
TOTAL INVESTMENTS	639,098	462,776	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*	0	0	29
Deferred Charges (1439)*	0	0	30
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	639,098	462,776	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	6,273,208	6,112,885	31
Less: Accumulated Depreciation (3100)*	3,324,045	2,922,650	32
Less: Accumulated Amortization--Capitalized Leases (3410)*	0	0	33
Less: Accumulated Amortization--Leasehold Improvements (3420)*	0		34
Less: Accumulated Amortization--Intangible (3500)*	0	0	35
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,949,163	3,190,235	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	0	0	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	0	0	37
NET PROPERTY HELD FOR FUTURE USE	0	0	
NONOPERATING PLANT			
Nonoperating Plant (2006)*	0	0	38
Less: Accumulated Depreciation--Nonoperating (3300)*	0	0	39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	0	0	40
TOTAL TPUC	0	0	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*	0	0	41
Less: Accumulated Amortization--Other (3600)*	0	0	42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	2,949,163	3,190,235	
TOTAL ASSETS AND OTHER DEBITS	5,486,131	5,276,186	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	273,578	154,970	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	0	0	3
Customer Deposits (4040)*	0	0	4
Current Maturities--Long-Term Debt (4050)*	253,700	223,800	5
Current Maturities--Capital Leases (4060)*	0	0	6
Income Taxes--Accrued (4070)*	21,000	16,733	7
Other Taxes--Accrued (4080)*	2,224	1,624	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*	0	0	10
Other Accrued Liabilities (4120)*	30,194	48,695	11
Other Current Liabilities (4130)*	0	0	12
TOTAL CURRENT LIABILITIES	580,696	445,822	
LONG-TERM DEBT			
Funded Debt (4210)*	3,273,977	3,455,480	13
Premium on Long-Term Debt (4220)*	0	0	14
Discount on Long-Term Debt (4230)*	0	0	15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*	0	0	17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT	3,273,977	3,455,480	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	0	0	20
Unamortized Operating ITC--Net (4320)*	0	0	21
Unamortized Nonoperating ITC--Net (4330)*	0	0	22
Net Noncurrent Deferred Operating Income Taxes (4340)*	399,366	333,794	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	0	0	25
Other Deferred Credits (4360)*	0	0	26
Deferred Tax Regulatory Liability (4361)*	0	0	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	399,366	333,794	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	6,600	6,600	28
Additional Paid-in Capital (4520)*	3,673	3,673	29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*	0	0	31
Retained Earnings (4550)*	1,221,819	1,030,817	32
TOTAL STOCKHOLDERS' EQUITY	1,232,092	1,041,090	
TOTAL LIABILITIES AND OTHER CREDITS	5,486,131	5,276,186	

IMPORTANT CHANGES DURING THE YEAR

1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.
2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
Receivable from Cannon Communications Corporaton	A/R CANNON	1
Alliance Telecommunications	ALLIANCE	2
Hector Communications Corporation	HCC	3

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing.

Particulars	(a)	(b)	(c)	(d)	(e)
Docket		None			
Name of Affiliate		HCC			1
Designate whether billed to or from:		FROM			2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		C			3
Total Dollar Activity		---CONF---			4
Percent of affiliate's business billed to all affiliated regulated utilities		---CONF---			5
If cost based, rate of return on equity or markup incorporated in billings		---CONF---			6
Footnotes		I			

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	24,354	0	1
Motor Vehicles	2112	117,195	12,254	2
Aircraft	2113	0	0	3
Special Purpose Vehicles	2114	0	0	4
Garage Work Equipment	2115	0	0	5
Other Work Equipment	2116	67,721	0	6
Buildings	2121	531,927	0	7
Furniture	2122	32,417	0	8
Office Equipment	2123	48,633	0	9
General Purpose Computers	2124	341,506		10
TOTAL--GENERAL SUPPORT ASSETS:		1,163,753	12,254	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0	0	11
Digital Electronic Switching	2212	650,002	0	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0	0	14
Radio Systems	2231	62,000	0	15
Circuit Equipment	2232	838,589	31,027	16 A
TOTAL--CENTRAL OFFICE ASSETS:		1,550,591	31,027	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0	0	17
Customer Premises Wiring	2321	0	0	18
Large Private Branch Exchanges	2341	0	0	19
Public Telephone Terminal Equipment	2351	0	0	20
Other Terminal Equipment	2362	0	0	21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	0	0	22
Aerial Cable	2421	0	0	23
Underground Cable	2422	0	0	24
Buried Cable	2423	3,398,541	119,062	25 A
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0	0	27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	0		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		3,398,541	119,062	
AMORTIZABLE ASSETS				
Capital Leases	2681	0	0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			24,354	1
2112			129,449	2
2113			0	3
2114			0	4
2115			0	5
2116			67,721	6
2121			531,927	7
2122			32,417	8
2123	0	0	48,633	9
2124			341,506	10
	0	0	1,176,007	
2211			0	11
2212	0	11,677	661,679	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	62,000	15
2232	0	(5,319)	864,297	16 A
	0	6,358	1,587,976	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	0	23
2422	0	0	0	24
2423	2,020	(6,358)	3,509,225	25 A
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			0	30
	2,020	(6,358)	3,509,225	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
AMORTIZABLE ASSETS				
Leasehold Improvements	2682	0	0	32
Intangibles	2690	0	0	33
TOTAL--AMORTIZABLE ASSETS:		0	0	
TOTAL TELECOM. PLANT IN SERVICE	2001	6,112,885	162,343	
Less: Allocation to Nonregulated Activity - EOY	2001			34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001			

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	2,020	0	6,273,208	
2001			0	34
			6,273,208	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	25,403	0	1
Company Communications Equipment	2123.2	23,230	0	2
Software	2212.1	0	0	3
Digital Switching - Central Office	2212.2	650,002	0	4 A
Digital Switching - Remote	2212.3	0	0	5
Step by Step Switching	2215.1	0	0	6
Crossbar Switching	2215.2	0	0	7
Satellite and Earth Station Facilities	2231.1	62,000	0	8
Other Radio Facilities	2231.2	0	0	9
Digital Circuit Equipment	2232.1	780,954	31,027	10 A
Analog Circuit Equipment	2232.2	0	0	11
Light Wave Circuit Equipment	2232.3	57,635	0	12
Aerial Cable - Nonmetallic	2421.1	0	0	13
Aerial Cable - Metallic	2421.2	0	0	14
Underground Cable - Nonmetallic	2422.1	0	0	15
Underground Cable - Metallic	2422.2	0	0	16
Buried Cable - Nonmetallic	2423.1	1,023,584	0	17
Buried Cable - Metallic	2423.2	2,374,957	119,062	18 A
Submarine Cable - Nonmetallic	2424.1	0	0	19
Submarine Cable - Metallic	2424.2	0	0	20
Intrabuilding Cable - Nonmetallic	2426.1	0	0	21
Intrabuilding Cable - Metallic	2426.2	0	0	22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			25,403	1
2123.2			23,230	2
2212.1			0	3
2212.2		11,677	661,679	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			62,000	8
2231.2			0	9
2232.1		(5,319)	806,662	10 A
2232.2			0	11
2232.3			57,635	12
2421.1			0	13
2421.2			0	14
2422.1			0	15
2422.2			0	16
2423.1			1,023,584	17
2423.2	2,020	(6,358)	2,485,641	18 A
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	99,537	20.0	18,884	1
Aircraft	2113	0	18884.0		2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	62,396	10.0	5,325	5
Buildings	2121	267,299	3.33	18,369	6
Furniture	2122	32,417	10.0	0	7
Office Equipment	2123	45,975	20.0	2,658	8
General Purpose Computers	2124	339,113	20.0	2,393	9
Total-- GENERAL SUPPORT ASSETS		846,737		47,629	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	175,918	11.11	72,197	11A
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	62,000	11.11	0	14
Circuit Equipment	2232	470,231	14.29	111,350	15A
Total-- CENTRAL OFFICE ASSETS		708,149		183,547	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	0			21
Aerial Cable	2421	0			22
Underground Cable	2422	0			23
Buried Cable	2423	1,367,764	5.0	172,536	24A
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	0			28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	0			29
Total-- CABLE WIRE FACILITIES ASSETS		1,367,764		172,536	0
Total Accumulated Depreciation	3100	2,922,650		403,712	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					118,421	1
2113					0	2
2114					0	3
2115					0	4
2116					67,721	5
2121					285,668	6
2122					32,417	7
2123	0				48,633	8
2124					341,506	9
	0	0	0	0	894,366	
2211					0	10
2212	0			11,677	259,792	11 A
2215	0				0	12
2220					0	13
2231	0				62,000	14
2232	0			(5,319)	576,262	15 A
	0	0	0	6,358	898,054	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411					0	21
2421	0				0	22
2422	0				0	23
2423	2,020	297		(6,358)	1,531,625	24 A
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					0	29
	2,020	297	0	(6,358)	1,531,625	
3100	2,020	297	0	0	3,324,045	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	22,745	20.0	2,658		1
Company Communications Equipment	2123.2	23,230	20.0	0		2
Software	2212.1	0				3
Digital Switching - Central Office	2212.2	175,918	11.11	72,197		4 A
Digital Switching - Remote	2212.3	0				5
Step by Step Switching	2215.1	0				6
Crossbar Switching	2215.2	0				7
Satellite and Earth Station Facilities	2231.1	62,000	11.11	0		8
Other Radio Facilities	2231.2	0				9
Digital Circuit Equipment	2232.1	457,511	14.29	103,116		10 A
Analog Circuit Equipment	2232.2	0				11
Light Wave Circuit Equipment	2232.3	12,720	14.29	8,234		12
Aerial Cable - Nonmetallic	2421.1	0				13
Aerial Cable - Metallic	2421.2	0				14
Underground Cable - Nonmetallic	2422.1	0				15
Underground Cable - Metallic	2422.2	0				16
Buried Cable - Nonmetallic	2423.1	196,673	5.0	51,180		17
Buried Cable - Metallic	2423.2	1,171,091	5.0	121,356		18 A
Submarine Cable - Nonmetallic	2424.1	0				19
Submarine Cable - Metallic	2424.2	0				20
Intrabuilding Cable - Nonmetallic	2426.1	0				21
Intrabuilding Cable - Metallic	2426.2	0				22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					25,403	1
2123.2					23,230	2
2212.1					0	3
2212.2				11,677	259,792	4 A
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					62,000	8
2231.2					0	9
2232.1				(5,319)	555,308	10 A
2232.2					0	11
2232.3					20,954	12
2421.1					0	13
2421.2					0	14
2422.1					0	15
2422.2					0	16
2423.1					247,853	17
2423.2	2,020	297		(6,358)	1,283,772	18 A
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts.
Credit amounts should be shown in ().

Particulars (a)	Balance EOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	0	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(445,233)	5
Net Deferred Tax Liability Adjustments (4341)	0	6
Deferred Tax Regulatory Liability (4361)	0	7
Net Property Related Deferred Operating Income Taxes	(445,233)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(445,233)	
NONPROPERTY RELATED		
Other Current Assets (1350)	0	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	45,867	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	45,867	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,030,817	1,573,038	1
Changes:			
Balance Transferred from Income	191,002	170,864	2
Dividends Declared:			
Common	0	713,085	3
Preferred	0	0	4
Total Dividends Declared	0	713,085	
Miscellaneous Debits to Retained Earnings	0	0	5
Miscellaneous Credits to Retained Earnings	0	0	6
Balance--End of Year	<u>1,221,819</u>	<u>1,030,817</u>	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	594,691	600,020	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	594,691	600,020	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	146,594	89,129	11 D
Switched Access Revenue (5082)*	507,868	538,512	12
Special Access Revenue (5083)*	51,947	50,064	13
TOTAL INTERSTATE ACCESS REVENUES (5080)	706,409	677,705	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*	0	0	14
Switched Access Revenue (5084.2)*	214,214	226,036	15
Special Access Revenue (5084.3)*	20,082	20,017	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	234,296	246,053	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	1,637	1,018	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	1,637	1,018	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	---CONF---	---CONF---	30 F
Rent Revenue (5240)*	---CONF---	---CONF---	31
Corporate Operations Revenue (5250)*	---CONF---	---CONF---	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	---CONF---	---CONF---	33
Special Billing Arrangements Revenue (5261)	---CONF---	---CONF---	34
Customer Operations Revenue (5262)	---CONF---	---CONF---	35
Plant Operations Revenue (5263)	---CONF---	---CONF---	36
Other Incidental Regulated Revenue (5264)	---CONF---	---CONF---	37
Other Revenue Settlements (5269)	---CONF---	---CONF---	38
Total Miscellaneous Revenue (5260)	---CONF---	---CONF---	
Interstate Billing and Collection Revenue*	---CONF---	---CONF---	39
Intrastate Billing and Collection Revenue*	---CONF---	---CONF---	40
Total Carrier Billing and Collection Revenue (5270)*	---CONF---	---CONF---	
Nonregulated Operating Revenue (5280)**	---CONF---	---CONF---	41
TOTAL MISCELLANEOUS REVENUES	135,031	133,377	
GROSS OPERATING REVENUES	1,672,064	1,658,173	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	16,750	361	42 E
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	16,750	361	
TOTAL OPERATING REVENUES	1,655,314	1,657,812	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)	0	0	1
Less: Nonregulated	0	0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	47,103	40,627	4
Less: Nonregulated	0	0	5
Net Regulated	47,103	40,627	6
Total Central Office Switching Expense (6210)	59,362	64,161	7
Less: Nonregulated	0	0	8
Net Regulated	59,362	64,161	9
Total Operator Systems Expense (6220)	0	0	10
Less: Nonregulated	0	0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	94,727	90,922	13
Less: Nonregulated	0	0	14
Net Regulated	94,727	90,922	15
Total Information Orig. / Term. Expense (6310)	0	0	16
Less: Nonregulated	0	0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	130,633	138,662	19
Less: Nonregulated	0	0	20
Net Regulated	130,633	138,662	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	331,825	334,372	
Less: Nonregulated	0	0	
Net Regulated	331,825	334,372	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	12,834	10,941	22
Less: Nonregulated	0	0	23
Net Regulated	12,834	10,941	24
Total Network Operations Expense (6530)	65,432	67,272	25
Less: Nonregulated	0	0	26
Net Regulated	65,432	67,272	27
Access Expense (6540)	5,221	0	28
Less: Nonregulated	0	0	29 c
Net Regulated	5,221	0	30
Total Depreciation and Amortization Expense (6560)	403,713	397,657	31
Less: Nonregulated		0	32
Net Regulated	403,713	397,657	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	487,200	475,870	
Less: Nonregulated	0	0	
Net Regulated	487,200	475,870	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	9,287	15,686	34
Less: Nonregulated	0	0	35
Net Regulated	9,287	15,686	36
Total Services (6620)	119,395	153,954	37
Less: Nonregulated	0	0	38 G
Net Regulated	119,395	153,954	39
TOTAL CUSTOMER OPERATIONS EXPENSE	128,682	169,640	
Less: Nonregulated	0	0	
Net Regulated	128,682	169,640	
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	176,378	205,526	40
Less: Nonregulated	0	0	41
Net Regulated	176,378	205,526	42
Total General and Administrative (6720)	239,927	259,566	43
Less: Nonregulated	0	0	44
Net Regulated	239,927	259,566	45
Provision for Uncollectible Notes Receiv. (6790)	0	0	46
Less: Nonregulated	0	0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	416,305	465,092	
Less: Nonregulated	0	0	
Net Regulated	416,305	465,092	
TOTAL EXPENSES	1,364,012	1,444,974	
Less: Nonregulated	0	0	
Net Regulated	1,364,012	1,444,974	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)	12,834	10,941	1
Provisioning Expense (6512)	0	0	2
Total: Reported in Account 6510	12,834	10,941	
Depreciat. Exp.--Tele. Plant in Service (6561)	403,713	397,657	3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	0	0	4
Amortization Expense--Tangible (6563)	0	0	5
Amortization Expense--Intangible (6564)	0	0	6
Amortization Expense--Other (6565)	0	0	7
Total: Reported in Account 6560	403,713	397,657	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,672,064	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	903	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): None	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,671,161	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	594,691	1
Plus: Total Intrastate Access Revenues (5084)	234,296	2
Plus: Total Long Distance Network Services Revenue	1,637	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	---CONF---	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,672,064	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	903	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)	0	7
Plus (or Less) Other (please specify): None	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,671,161	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	594,691	1
Plus: Total Intrastate Access Revenues (5084)	234,296	2
Plus: Total Long Distance Network Services Revenue	1,637	3
Less: Out-of-State Operating Revenues (included in the above lines)	0	4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify): None	0	6
Assessable Revenues for Universal Service Fund Assessment Purposes	---CONF---	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)	0	0	1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)	0	0	2
Operating Federal Income Taxes (7220)	43,299	(18,512)	3
Operating State and Local Income Taxes (7230)	(19,132)	11,822	4
Operating Other Taxes (7240)	50,103	55,523	5
Provision for Deferred Operating Income Taxes--Net (7250)	0	0	6
TOTAL OPERATING TAXES (7200)	74,270	48,833	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)	6,720	5,645	7
Interest Income (7320)	9,761	11,652	8
Income from Sinking and Other Funds (7330)	0	0	9
Allowance for Funds Used During Construction (7340)	470	718	10
Gains or (Losses) from the Disposition of Certain Property (7350)	0	0	11
Other Nonoperating Income (7360)	229,764	231,624	12
Special Charges (7370)	0	0	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	246,715	249,639	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	99,475	64,791	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	180,696	177,380	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)	0	0	16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	7,426	(609)	17

NONREGULATED ACTIVITIES

List the type of nonregulated activities that the company is involved in.

Nonregulated Activity (a)

---CONF---

1

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	354,709	1
All Other Accounts	114,863	2
Total Salaries and Wages	469,572	3

EMPLOYEE DATA - END OF YEAR

Report employee data based on primary allocation of respective wages and salaries.

Particulars (a)	Employees (b)	
Plant Operations		
Supervisory & Management	1	1
Central Office	1	2
Outside Plant	2	3
Building & Service	0	4
Other	0	5
Customer Operations		
Supervisory & Management	0	6
Operators	0	7
Business Office	2	8
Other	0	9
Corporate Operations		
Executive & General Management	1	10
Accounting & Finance	0	11
External Relations	0	12
Human Resources	0	13
Information Management	0	14
Legal	0	15
Procurement	0	16
Research & Development	0	17
Other	0	18
Other		
All Other Employees, Not Listed Above	0	19
Total Employees	7	
Part-Time Employees	0	20
Full-Time Employees	7	21
Total Part-Time and Full-Time Employees	7	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	---CONF---	---CONF---	1 H
Extended Area Service	---CONF---	---CONF---	2 H
Extended Community Calling	---CONF---	---CONF---	3
Other Local-Undefined	---CONF---	---CONF---	4
Total Local	6	29	
TOLL			
Toll	135	465	5
Total Toll	135	465	
Total Local & Toll	141	494	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	1
Feature Group A -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	2
Feature Group B -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	3
Feature Group B -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	4
Feature Group C -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	5
Feature Group C -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	6
Feature Group D -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	7
Feature Group D -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	52	1
Strand miles of plant - fiber optics	1,586	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	---CONF---	---CONF---	1
56 kbps	---CONF---	---CONF---	2
64 kbps (DS0)	---CONF---	---CONF---	3 B
1.54 Mbps (DS-1)	---CONF---	---CONF---	4
45 Mbps (DS-3)	---CONF---	---CONF---	5 B
SONET OC-1	---CONF---	---CONF---	6
SONET OC-3	---CONF---	---CONF---	7
SONET OC-12	---CONF---	---CONF---	8
SONET OC-48	---CONF---	---CONF---	9
SONET OC-192	---CONF---	---CONF---	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	52	1
Strand miles of plant - fiber optics	1,586	2
Route miles of plant - microwave	0	3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	---CONF---	---CONF---	1
56 kbps	---CONF---	---CONF---	2
64 kbps (DS0)	---CONF---	---CONF---	3 B
1.54 Mbps (DS-1)	---CONF---	---CONF---	4
45 Mbps (DS-3)	---CONF---	---CONF---	5 B
SONET OC-1	---CONF---	---CONF---	6
SONET OC-3	---CONF---	---CONF---	7
SONET OC-12	---CONF---	---CONF---	8
SONET OC-48	---CONF---	---CONF---	9
SONET OC-192	---CONF---	---CONF---	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	---CONF---	---CONF---	3
2 Party	---CONF---	---CONF---	4
4 Party	---CONF---	---CONF---	5
PBX Trunks/System Trunks	---CONF---	---CONF---	6
Centrex Trunks	---CONF---	---CONF---	7
Centrex Lines	---CONF---	---CONF---	8
Key System Trunks	---CONF---	---CONF---	9
Mobile (Utility Provided Service)	---CONF---	---CONF---	10
Paging (Utility Provided Service)	---CONF---	---CONF---	11
FX-Out (Switched)	---CONF---	---CONF---	12
Pay Telephone	---CONF---	---CONF---	13
Coin-Operated Pay Telephone	---CONF---	---CONF---	14
Independent Pay Telephone Provider	---CONF---	---CONF---	15
Other	---CONF---	---CONF---	16
Total Business Lines	283	270	17
Residential (Incl. Emp. Concess.)			
1 Party	---CONF---	---CONF---	19
2 Party	---CONF---	---CONF---	20
4 Party	---CONF---	---CONF---	21
FX-Out (Switched)	---CONF---	---CONF---	22
Other	---CONF---	---CONF---	23
Total Residential Lines	1,762	1,760	24
Total Bus & Res Lines	2,045	2,030	25
Company Used Lines	31	31	26
Total Lines Used	2,076	2,061	27

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	---CONF---	---CONF---	3
WATS Lines - 800 Service	---CONF---	---CONF---	4
FX-In-intraLATA	---CONF---	---CONF---	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	---CONF---	---CONF---	7
Special Access-interLATA			8
(expressed in equiv. access lines)	---CONF---	---CONF---	9
Feature Group A Lines	---CONF---	---CONF---	10
Feature Group B Trunks	---CONF---	---CONF---	11
Feature Group C Trunks	---CONF---	---CONF---	12
Feature Group D Trunks	---CONF---	---CONF---	13
TSPS - Trunks	---CONF---	---CONF---	14
EAS - Trunks	360	360	15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---	16
Video Distance Learning	0	0	17
- discounted (special tariff)			18
Customers			
Lifeline Customers	10	10	20
Linkup Customers	1	0	21
Other			
Total Company Square Miles	108	108	23
Total Company Route Miles	309	310	24
Footnotes			25

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Business					2
1 Party	---CONF---	---CONF---			3
2 Party	---CONF---	---CONF---			4
4 Party	---CONF---	---CONF---			5
PBX Trunks/System Trunks	---CONF---	---CONF---			6
Centrex Trunks	---CONF---	---CONF---			7
Centrex Lines	---CONF---	---CONF---			8
Key System Trunks	---CONF---	---CONF---			9
Mobile (utility provided service)	---CONF---	---CONF---			10
Paging (utility provided service)	---CONF---	---CONF---			11
FX-Out (Switched)	---CONF---	---CONF---			12
Pay Telephone	---CONF---	---CONF---			13
Coin-Operated Pay Telephone	---CONF---	---CONF---			14
Independent Pay Telephone Provider	---CONF---	---CONF---			15
Other	---CONF---	---CONF---			16
Total Business Lines	75	195	0	0	17
Residential (Incl. Emp. Concess.)					18
1 Party	---CONF---	---CONF---			19
2 Party	---CONF---	---CONF---			20
4 Party	---CONF---	---CONF---			21
FX-Out (Switched)	---CONF---	---CONF---			22
Other	---CONF---	---CONF---			23
Total Residential Lines	620	1,140	0	0	24
Total Bus & Res Lines	695	1,335	0	0	25
Company Used Lines	2	29			26
Total Lines Used	697	1,364	0	0	27

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0350	2210			1
Miscellaneous					2
WATS Lines - OutWATS	---CONF---	---CONF---			3
WATS Lines - 800 Service	---CONF---	---CONF---			4
FX-In-intraLATA	---CONF---	---CONF---			5
Special Access-intraLATA					6
(equiv. access lines)	---CONF---	---CONF---			7
Special Access-interLATA					8
(equiv. access lines)	---CONF---	---CONF---			9
Feature Group A Lines	---CONF---	---CONF---			10
Feature Group B Trunks	---CONF---	---CONF---			11
Feature Group C Trunks	---CONF---	---CONF---			12
Feature Group D Trunks	---CONF---	---CONF---			13
TSPS - Trunks	---CONF---	---CONF---			14
EAS - Trunks	0	360			15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---			16
Video Distance Learning					17
- discounted (special tariff)	0	0			18
Other					19
Exchange Square Miles	45	63			20
Exchange Route Miles	110	200			21
Footnotes					22

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
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Lucent	ATT/LUC	5
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Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	BAY CITY	HAGER CITY			1
PSCW Exchange ID	0350	2210			2
Central Office Name	BAY CITY	HAGER CITY			3
PSCW Central Office ID	1	1			4
Central Office CLLI Code	BYCYWIXAR	HGCYWIXAR			5
Manufacturer of COE (Page 54)	NO	NO			6
Year COE Installed	1999	1999			7
Type of Equipment (Page 54)	D	D			8
(S)tandalone, (H)ost, (R)emote, (A)dv Fiber Comm	R	R			9
Remote Host PSCW Exchange ID	2210	2210			10
Remote Host PSCW Central Office ID	1	1			11
COE Generic Software Release No.	14	14			12
SS7?	Yes	Yes			13
9-1-1?	Yes	Yes			14
Access Lines - In Use	697	1,364			15
- Equipped	866	1,578			16
- Wired	1,244	1,848			17
Trunks - In Use	0	0			18
- Equipped	0	0			19
- Wired	0	0			20
ISDN Available?	Yes	Yes			21
ISDN Lines - In Use (BRI)	---CONF---	---CONF---			22
- In Use (PRI)	---CONF---	---CONF---			23
XDSL Available?	Yes	Yes			24
- In Use (# lines)	---CONF---	---CONF---			25
Switched 56 Service?	No	No			26
Switched 56 lines in use	---CONF---	---CONF---			27
Digital Transmission Facilities: DS-1 - In Use	---CONF---	---CONF---			28
DS-3 - In Use	---CONF---	---CONF---			29
Advanced Data Service Available:					
Packet Switching?	No	No			30
SMDS?	No	No			31
Frame Relay?	No	No			32
ATM (Asynchronous Trans. Mode)?	No	No			33
Video Information - Service Available?	No	No			34
- In Use (# lines) ¹	---CONF---	---CONF---			35
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	0	144			36
No. of fiber strands working (LIT) in C.O.	---CONF---	---CONF---			37
No. of fiber strands for interoffice use	0	0			38
Miles of fiber sheath in wire center	6	46			39
Access Tandem Serving this C.O.:					
- C.O. Name	ELK LAKE	ELK LAKE			40
- PSCW C.O. ID	1740-01	1740-01			41
Does this C.O. do access tandem switching?	Yes	Yes			42
Footnotes					43

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Schedule Line Footnotes

- A) Transfers were made in 2002 to properly classify equipment as follows: \$11,677 was transferred to acct 2212.2 Digital Electronic Switching. Transfers were from acct 2232.1 Digital Circuit Equipment - \$5,319 and from acct 2423.2 Buried Cable Metallic - \$6,358.
- Depreciation was adjusted accordingly.
- B) 64 Kbps (DS0) and 45 Mbps (DS3) - We have not received an order for this type of service.
- C) Acct 6540 Access Expense increased as Hager Telecom began paying into the Universal Service Administration.
- D) The increase to End User Revenue - Acct 5081 - is due to the increase of end user common line rates.
- E) Uncollectible Revenue - Acct 5300 - \$12,949 of the increase is due to the Global Crossing and Worldcom bankruptcy filings.
- F) Directory revenue, acct. 5230, was transferred in 2001 from Cannon Communications non regulated to Hager Telecom. Hager Telecom has a full year in 2002 of directory revenue. Also, the guaranteed commission increased for the year 2002.
- G) Hager Telecom began customer billing and carrier access billing in house in 2002. Our expenses were greatly decreased with that move.
- H) Local calls are not tracked.

Hager is a remote off from West Wisconsin, Elk Lake tandem, so has no information for EAS or local.

- I) Hager Telecom was sold in June 2000 to Alliance Telecommunications Corporation of which Hector Communications Corporation (HCC) holds 68% ownership. HCC does the accounting for Hager Telecom. Hager is charged through intercompany accounting for those charges.

Additional services provided by HCC to Hager include:

Plant administration support. HCC uses its greater size to negotiate better prices for materials and services required by Hager and its other subsidiaries. HCC also provides technical, consulting and forecasting support on construction projects.

Human resources. HCC provides, or negotiates with other suppliers to provide, human resource management for its subsidiaries. HCC provides payroll functions and employee benefits management, including group health and life insurance, 401(k) savings and ESOP.

Charges from HCC are at cost. HCC does not earn any profit for providing these services.